

Pinedale Anticline Annual Planning Meeting

February 21, 2013

- Activity
 - 2012- Drilled 67 wells, average of 2.3 rigs operating in the year
 - 2013 - Plan to drill ~ 56 wells, average 2 operating rigs
- Pads
 - 2012 – 2 built, 32 interim reclaimed
 - 2013 – 4 planned to build, 10 interim reclamation planned
 - Total to date: 157 pads interim reclaimed, 15 pads final
- LGS
 - ROD requirement met by completing LGS system in 2010
 - At year end 2012, 925 wells were connected to our gathering system
 - CGFs/SWD have been electrified in January 2013

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- Water
 - 100% of completion water is recycled water.
 - 67% of produced water is injected for disposal
 - 4% of produced water is sent directly to completions
 - 3% of produced water is sent directly to drilling
 - 25% of produced water is sent to a facility for recycle or disposal
- Projects
 - 100% of all reserve pits are closed
 - All Ultra rigs use SCRs to reduce NOX emissions
 - Electrification of CGFs/SWD
- Pinedale Anticline Monitoring and Mitigation Fund
 - Additional \$817,500 contributed in 2012
 - Cumulative total \$8,167,500



2013 ANNUAL PLANNING MEETING

21 Feb 13

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Environmental/ Regulatory Asset Lead - Pinedale

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Pinedale Development Planner

LOCATIONS FOR CONSTRUCTION AND DEVELOPMENT

Feb 2012 to Feb 2013

- 0 new locations built
- 10 wells drilled

Feb 2013 to Feb 2014

- 0 new locations built
- No new wells to be drilled

Monitoring and Mitigation Fund

- 2 spud payments at \$7,500 for \$15,000 contribution in 2012
- \$3,793,500 contribution to date

RECLAMATION



- 1037 Acres of Disturbance, 696 Acres Reclaimed
 - 68 Acres Site Stabilization
 - 289 Acres Interim Reclamation
 - 41 Acres Final Reclamation (pads & roads)
 - 301 Acres reclaimed pipeline rights of way
- 59 of 74 pads have site stabilization and/ or interim reclamation
- 8 of 74 pads have final reclamation

- LGS completed and operational in DA 1, 2, 3 and 4
- DA5
 - Extension granted in 2010 to gather more information to design DA5 development and LGS that is the optimal size and minimizes unnecessary wildlife and habitat disturbance.
 - Extension granted until Sept 2013.
- **Current Status**
 - Due to low gas prices, an economic LGS solution could not be found.
 - To uphold the spirit of the ROD, Shell will shut-in DA5 wells on federal leases to eliminate trucking of those fluids.
 - An earlier shut-in date of June 30, 2013 has been agreed to. Executing this activity in the warmer months will allow better preparation of the wells for safe shut-in.
- **Path Forward**
 - Well surveillance and maintenance will continue for these wells at a regular frequency.
 - The wells will not be brought on production and there will be no further drilling on these leases until an LGS solution is in place.

2012 EMISSIONS SUMMARY

- Electrification of North LGS and Central LGS natural gas engines.
- Retrofit “grandfathered” high-bleed to low-bleed controllers.
- Continuance of quarterly FLIR camera Leak Detection and Repair Program.
- Implementation of monthly portable analyzer engine testing.
- Ozone Contingency Plan updated and training completed.

WATER USE AND MONITORING

Disposal

- 2012 Total volume of disposed water – 4,843,374 bbls
 - 96% of disposed water went into the South Mesa Injection Facility
 - 4% of disposed water went into the Big Piney Injection Facility

Water Re-Use

- Completions – Approximately 70% Re-used Water
- Drilling – Approximately 75% Re-used Water

Fresh Water

- 2012 Total fresh water used – 170,949 bbls
 - Drilling – 90,249 bbls
 - Completions – 44,000 bbls
 - Stock Water – 36,700 bbls
- All water wells equipped with double check valves and totalizer flow meters or locked when not in use.



PAPA 2013 Annual Meeting

Pinedale , Wyoming



QEP Pinedale Division

February 21, 2013

2012 Summary

- Drilled and completed 102 wells
- 737 producing wells
- 75 well pads
 - 2 new pads built in CDA
 - 4 pad expansions in CDA
 - 11 pads fully developed with interim reclamation
 - 69 pads with active interim reclamation (28 on pads with no current plans for further development)
 - All pits closed on inactive pads
- Pinedale Anticline Monitoring and Mitigation Fund
 - Operators pay \$7500 per well spud
 - \$1,042,000 paid to MMF for 139 spud wells in 2012
 - \$6,474,000 paid to MMF since September 2008 ROD inception



2012 Emissions Summary

- 737 producing wells in DA-1 connected to LGS
- LGS implemented in 2005; all future wells are connected to system
- Over 177,316 truck trips eliminated since LGS installation
- Rig air permit received on 6-10-10
 - all rig engines are equipped with SCR controls
- Annual OZONE contingency plan updated & training completed
- Continue quarterly Leak Detection and Repair program at all QEP well pads



2012 Water Summary

- 1,490,279 barrels of fresh water from water supply wells used for operations
 - Drilling – 920,079 bbls
 - Completions – 46,500 bbls
 - Dust control – 417,200 bbls
 - Stock water – 106,500 bbls
- Produced water volume – 3,942,201 barrels
 - Piped via QEP's LGS to AntiCline for processing or to QEP's water disposal well facility for disposal
- Completions
 - 2,299,407 bbls of water used for completion operations
97.98% of this volume was recycled produced water (2,252,907 bbls)



2013 Overview

- Focused development activity within the CDA includes (but not limited to) pad construction, drilling, completions, production facility installations, well hookups and full interim reclamation
- Currently rigs are on 4 development pads within CDA
 - Mesa 6-7, 11-7, 7-8, and 12-8
 - Anticipate drilling and completing approximately 111 wells
- Construction of 1 new well pad in CDA for 2013/2014 planned activity
- Expansion of 2 existing well pads in CDA for 2013/2014 activity
- Fall 2013 reclamation planned on 6 well pads (all on pads with no future development plans)

Field Development Update

- 75 existing pads; estimate a maximum of 100 pads upon completion of full field development
- 69 of 75 pads have active interim reclamation; 92%
- 28 of 75 pads have interim reclamation and no further development plans; 38%
- 928 acres of total pad disturbance; 600 acres with reclamation; 65% of pad disturbance is reclaimed
- All pits closed on inactive pads
- Approximate southern 1 mile tier of CDA fully developed and in interim reclamation fall 2012. CDA is ready to move north.

CDA Activity Map

